



PRESS RELEASE

Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

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IRS – Criminal Investigation

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Hawaii Businessman Sentenced to 46 Months in Prison for Tax Fraud ***Diverted More than \$2 Million from Company to Fund Lavish Lifestyle***

A Honolulu County businessman was sentenced to prison yesterday for corruptly endeavoring to obstruct the Internal Revenue Service (IRS) and filing false tax returns, announced Acting Assistant Attorney General Caroline D. Ciralo of the Justice Department's Tax Division and U.S. Attorney Florence T. Nakakuni of the District of Hawaii.

Albert S.N. Hee, 61, of Kailua, Hawaii, was sentenced by Senior U.S. District Judge Susan Oki Mollway of the District of Hawaii to serve 46 months in prison, to be followed by one year of supervised release. Hee was also ordered to pay a fine of \$10,000 and restitution to the IRS in the amount of \$431,793. In July following an 11-day jury trial, Hee was convicted of one count of corruptly endeavoring to obstruct the IRS and six counts of filing false individual income tax returns for the years 2007 to 2012.

According to court documents and the evidence introduced at trial, Hee owned Waimana Enterprises Inc., a telecommunications holding company based in Honolulu. Between 2002 and 2012, Hee caused Waimana to pay more than \$2 million of his personal expenses. Hee then falsely characterized these personal expenditures as business expenses on Waimana's corporate income tax returns. Hee also filed false individual income tax returns for 2002 to 2012 on which he failed to report the expenditures as income. Hee's lavish spending included more than \$90,000 for personal massages, which he deducted on the corporate tax returns as "consulting fees," full-time salaries and benefits for his wife and children even though they performed little to no work for the company and more than \$736,900 in college tuition, housing and other expenses for his children.

In 2008, Hee purchased a \$1.3 million home in Santa Clara, California, with corporate money and told his accountants that the property would be used by Waimana employees. Instead, from 2008 through 2012, Hee's children lived in the home during and after they attended college in Santa Clara. At trial, Hee's children testified that they indeed lived at the home and did not pay any rent to Waimana for their use of the property. Hee's children also testified that the house was within walking and skateboarding distance of the college campus and that they rented out other rooms in the house to their college friends and collected rent from their roommates, which they kept rather than remit to Waimana.

Waimana financed Hee's and his family's trips to Disney World, Tahiti, France and Switzerland. Hee also used company funds to pay for a \$17,000, five-day family vacation at the Mauna Lani resort on the Big Island of Hawaii, which Hee falsely characterized as a "stockholder's meeting" even though he was the only shareholder of the company at that time.

Acting Assistant Attorney General Ciralo and U.S. Attorney Nakakuni commended the special agents of IRS-Criminal Investigation, who investigated the case, Assistant U.S. Attorney Larry Tong and Trial Attorney Quinn P. Harrington of the Tax Division, who prosecuted the case.

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